

Matching Funds FAQ's

October 30, 2009

Please note: The guidance offered in the following questions and answers is intended to provide a broad audience with basic information regarding matching contributions—what is allowed and what is not. This information does not fully duplicate or substitute for the legal rules and regulations regarding matching and/or cost sharing and allowable costs found in the following regulations:

7 CFR 3019.23, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations,

http://www.access.gpo.gov/nara/cfr/waisidx_05/7cfr3019_05.html

7 CFR 3015, Uniform Federal Assistance Regulations,

http://www.access.gpo.gov/nara/cfr/waisidx_05/7cfr3015_05.html

7 CFR 3430, Uniform Administrative Provisions for Competitive and Non-Competitive Grants,

http://www.nifa.usda.gov/business/interim_rule.html

2 CFR 220, Cost Principles for Educational Institutions,

http://www.whitehouse.gov/omb/assets/omb/fedreg/2005/083105_a21.pdf

2 CFR 225, Cost Principles for State, Local, and Indian Tribal Governments,

http://www.whitehouse.gov/omb/assets/omb/fedreg/2005/083105_a87.pdf

2 CFR 230, Cost Principles for Non-Profit Organizations,

http://www.whitehouse.gov/omb/assets/omb/fedreg/2005/083105_a122.pdf

Federal Acquisition Regulations Part 31, Cost Principles for For-Profit Organizations,

http://www.acquisition.gov/far/current/html/Subpart%2031_2.html#wp1095552

Applicants are strongly encouraged to review the regulations for more specific and thorough guidance. Interested parties may also contact Carol Langguth, clangguth@nifa.usda.gov at NIFA.

1. Q. What are the general requirements for cost-sharing or matching?

A. All contributions, including cash and third party in-kind, shall be accepted as part of an applicant's cost sharing or matching when such contributions meet **all** of the following criteria:

- 1) Are verifiable from the applicant's records.
- 2) Are not included as contributions for any other federally-assisted project or program.
- 3) Are necessary and reasonable for proper and efficient accomplishment of project or program objectives.
- 4) Are allowable under the applicable cost principles.(see above)
- 5) Are not paid by the Federal Government under another award, except where authorized by Federal statute to be used for cost sharing or matching.
- 6) Conform to the provisions of the above-referenced regulations as applicable.

2. Q. Our organization plans to purchase a piece of equipment for use in our project, and to use that equipment as part of our matching contribution. Can we use the purchase price as our match?

A. If equipment costs are valid and could be included as direct charges under an award, then an organization could use those costs as matching unless those costs are normally included in their indirect costs. An organization should be consistent with its own policies on the treatment of the operational costs.

3. Q. May our organization use unrecovered indirect costs to meet the matching requirement?

A. Yes. In accordance with Section 731 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act of 2010, (Pub. L. 111-80), for the purposes of a grant made under section 412 of the Agricultural Research, Extension, and Education Reform Act of 1998, in-kind support from non-Federal sources in the form of unrecovered indirect costs may be used to meet the matching requirements under 412(e)(3). These indirect costs are those that are not otherwise charged against the grant and must be consistent with the approved indirect cost rate of the organization. Applicants may use **both** the unrecovered indirect costs associated with the Federal Budget and the unrecovered indirect costs associated with the Non-Federal Budget to meet their matching requirements. However, indirect costs may not be recovered on third-party matching contributions.

4. Q. Will we be required to have a firm commitment of matching funds for all years of our proposal?

A. You will need to have a firm commitment of matching funds for any Federal funds that are awarded. An anticipated match will not work. If an award is made for five years, including any continuation awards, all matching commitments for all five years must be in place at the time of the initial award.

5. Q. Do matching funds need to be provided for just the direct costs or the total of direct and indirect costs?

A. The matching amount must be based on the entire Federal award amount, which may include both direct and indirect costs.

6. Q. How are volunteer services valued?

A. Volunteer services furnished by professional and technical personnel, consultants, and other skilled and unskilled labor may be counted as cost sharing or matching if the service is an integral and necessary part of an approved project or program. Rates for volunteer services shall be consistent with those paid for similar work in the applicant's organization. In those instances in which the required skills are not found in the applicant's organization, rates shall be consistent with those paid for similar work in the labor market in which the applicant competes for the kind of services involved. In either case, paid fringe benefits that are reasonable, allowable, and allocable may be included in the valuation. When an employer other than the applicant furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (plus an amount of fringe benefits that are reasonable, allowable, and allocable, but exclusive of overhead costs), provided these services utilize the same skills for which the employee is normally paid.

7. Q. Much of our planned project's work will be conducted in an orchard that is owned by one of our collaborators. Can we use the fair-market real estate value of that orchard land as a matching contribution? Also, what about the use of equipment and buildings?

A. No, fair-market values of real estate cannot be used. The method used for determining cost sharing or matching for equipment, buildings, or land (where the purpose of the award is to support activities that require the use of those resources), is normally only depreciation or use charges. For land, fair rental charges may be used as cost sharing, but other reasonable use calculations may also be approved by NIFA.

The full value of equipment or other capital assets may be allowed in some circumstances, provided that NIFA has approved the charges. The value of donated equipment (ownership title passes to the applicant organization) shall not exceed the fair market value of such equipment of the same age and condition at the time of donation.

8. Q. Do we have to match the Federal request on a year-by-year basis, or just the total?

A. It is not required that federal funds are matched on an annual basis. The only requirement is that the total matching contribution must be based on the total federal request for the entire grant award period. Generally, non-Federal matching funds are to be expended at the same rate as Federal funds.

9. Q. Our State spends a large amount of money on various projects related to the problem that our project is addressing. Can we use those on-going expenditures in our State as cost-sharing for our project?

A. No. Non-federal expenditures for other “peripheral” projects cannot be used as matching for a new Federal grant. Allowed matching contributions must be specifically designated for, and applied to, the project for which Federal funds are requested in the current application.